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STATE OF MAINE

ONE HUNDRED AND TWENTY-FOURTH LEGISLATURE

JOINT SELECT COMMITTEE ON HEALTH CARE REFORM
OPPORTUNITIES AND IMPLEMENTATION

Health Insurance Exchanges: Key Policy Issues and Questions

By January 1, 2014, the federal Affordable Care Act (ACA) requires each state to have an exchange to facilitate the purchase of health insurance by individuals and small employers. Under the law, a state may choose to operate its own exchange in compliance with federal law or let the federal government operate and oversee the exchange in their state. To assist the Joint Select Committee on Health Care Reform, we are soliciting comments on the questions below. You are invited to respond to any of the questions below in writing. Please submit written comments to the committee through staff at colleen.mccarthyreid@legislature.maine.gov. The Joint Select Committee will also reserve a short time for public comment at its meeting on October 1.

1. Should Maine operate its own exchange or opt to let federal government administer? What are the benefits of operating the exchange? Are there any disadvantages?
2. How should an exchange be organized and governed? Should there be a separate exchange for individuals and one for small businesses? Should Maine consider forming an exchange with another state or states? Should the exchange be housed in a government agency, a nonprofit organization or another entity?
3. What rating rules should be in place for carriers offering individual and small group plans in an exchange? Should the same rules apply to plans offered within an exchange and outside an exchange? Should the same rating rules apply to individual and small group plans within an exchange?
4. What are the risks of adverse selection within an exchange? How can risk to carriers participating in an exchange be adjusted to reduce the impact on premiums? Are there different considerations relating to adverse selection for individual or small group plans?
5. The federal law requires a minimum of 5 plans to be offered through an exchange: plans offering 4 benefit levels or tiers---bronze, silver, gold and platinum---and a

catastrophic plan for those under age 30 or who lack access to affordable plans. How many health plans or types of health plans should be available in an exchange and what policy considerations should guide this decision? Should an exchange have a role in standardizing plans and defining benefits and cost sharing?

6. Should the exchange have a role in selecting carriers to participate in an exchange? What criteria for participation should be included? How many carriers should participate? Or should all carriers be required to participate in an exchange?

7. How should an exchange be designed to be user-friendly to both individuals and small businesses? Should a website be the primary entry point to an exchange? How can an exchange be designed to provide access for individuals to other publicly-funded health plans? What other types of outreach and education are needed? What is the role of the Navigator program? What is the role of insurance agents?